

**RECENT AMENDMENTS
TO THE
FOREIGN SERVICE ACT**

In the short session of Congress this summer, final approval was given to comprehensive amendments to the Foreign Service Act. Some of the provisions are of interest and applicability to the Agency while others are only of general interest.

The Act provides that the Secretary of State shall establish compensation plans for alien employees of the Foreign Service based upon prevailing wage rates and compensation practices in the area concerned. It is of interest that other Government agencies are authorized to administer alien employee programs in accordance with such provisions.

The law places considerable emphasis on language and area qualifications of Foreign Service officers. In addition to statements of policy in this respect the law specifically requires that for various designated Foreign Service officer positions in foreign countries the incumbent should have a useful knowledge of the language. Persons not so qualified may not be assigned to such positions in the future. Further, the Secretary is authorized to provide special monetary and

other incentives to encourage Foreign Service personnel to acquire or retain proficiency in esoteric foreign languages or special abilities needed in the Service. The Act also permits the Department, on a space-available basis, to offer orientation and language training to spouses of officers and employees of the Government generally in the anticipation of the assignment abroad of such officers and employees.

The new law exempts from the dual compensation statutes Foreign Service staff officers and employees who have retired, thus removing previous questions in this regard. Where the retired officer is reinstated in the Service, the law now permits him to draw the full salary of the class to which he is appointed in lieu of his annuity and upon eventual retirement his annuity is then recomputed. In the case of the individual being reemployed elsewhere in Government, he is authorized to receive the salary of the position in which he is then appointed plus whatever amount of his annuity which when added to such salary does not exceed, during any calendar year, the basic salary the employee was entitled to receive on the date of his retirement from the Service.

In connection with within-class salary increases (or in-grade promotions) of a Foreign Service officer and reserve officers, the statute now provides that all such individuals having been in a particular

grade for 9 months shall on the first day of each fiscal year receive the next higher rate for the class in which he is serving. In addition, the Secretary is authorized to grant additional increases within the class where warranted based upon especially meritorious service.

The Act further provides that specialization by Foreign Service officers in functional and geographic areas shall not in any way inhibit or prejudice the orderly advancement through Class One of any such officer.

The selection-out provisions of the Act have been strengthened. In addition to the previously permitted termination pay of one-twelfth of one year's salary for each year of service, not to exceed one year's salary, payable in three equal installments, the Act now authorizes the Secretary, in his discretion, to accelerate or combine such installment payments. The Act clarifies existing authorities permitting the Secretary under appropriate regulations to separate any employee or officer on account of unsatisfactory performance of duties or for such other cause as will promote the efficiency of the Service. It is required that reasons be furnished in writing and that the officer or employee be granted a hearing by the Board of the Foreign Service.

In the retirement field there are extensive amendments including an increase of the employees' contribution to 6 1/2 per cent of his salary. The major amendments are in the field of survivorship benefits,

generally bringing the standards of the Foreign Service retirement system up to the Civil Service retirement system in this particular field. Those individuals who retire from the Service on the basis of disability resulting either from injury or sickness shall not be subject to Federal income tax on the amount of their disability annuity. This exemption from Federal income tax is unlike the disability annuity under the Civil Service Retirement Act which gets no special tax treatment by virtue of the employee retiring on disability as opposed to some other type of retirement.

Of particular interest is the provision that a Foreign Service staff officer or employee who completes at least 10 years of continuous service, exclusive of military service, shall be covered into the Foreign Service retirement system. He is then required to make appropriate contributions to the fund and upon eligibility for retirement will receive the benefits of the Foreign Service retirement system.

There was a novel feature in the Senate-approved version of this bill which was eventually deleted prior to approval of the entire bill. This provision would have granted housing allowances for Foreign Service officers while stationed in Washington, ranging from 8 to 13 per cent of the basic salary.